ORIGINAL

NEW APPLICATION ARIZONA CORPORATION CO





W-02860A-05-0727

FINANCING APPLICATION

AZ CORP COMMISSION
DOCUMENT CONTROL

NACO WATER CO. LLC

UTILITY NAME

You must complete all items in the application according to the instructions provided. If you have any questions regarding the application, call the Chief, Financial & Regulatory Analysis Section at (602) 542-0743 for assistance.

Send the original and sixteen copies of the application and cover sheet to the following address:

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NACO WATER COMPANY, LLC.

P.O. BOX 85160 TUCSON, ARIZONA 85754 (520)623-5172

FINANCE APPLICATION

NACO WATER COMPANY, LLC FINANCE APPLICATION

Applicant:

Naco Water Company

Mailing Address:

P.O. Box 85160

Tucson, Arizona 85754

Telephone Number:

520-623-5172

Fax:

520-792-0377

Physical Address:

2102 N. Forbes Blvd.

Suite 107

Tucson, Arizona 85742

Authorized Agent:

Bonnie O'Connor

P.O. Box 85160

Tucson, Arizona 85754

Naco Water Company, LLC System #(s) 02-024, 02-112, 02-133

Proposed Project

Drinking Water Project:

- 1) Naco Water Company is in dire need of the completion of the project started in 1999. WIFA loan # 922022-99. The request for approval of the WIFA loan & rate increase approval took an exceedingly long time, approximately two years from the time of the request for rate increase with the Arizona Corporation Commission and WIFA Financing request. This lead to an increase to the original estimated costs as proposed by the Company, which in turn left the actual project cost severely understated. Naco Water Company ran out of funds before being able to complete the project. The benefit that will be achieved would be finishing the upgrade of the system that has not been able to be fully put in use.
- The existing facility remains substandard, in that, much of the new water main that was installed in front of many homes have not as yet been able to be hooked up to the new line due to lack of funds. Many of the old meters are located behind the homes in narrow alleyways and need to be relocated to the front of the home where the new water line is in place. The next problem is hooking up the homeowner from the new water line in the new utility easement to their home. If the water source is in the back of the home, the new line will have to be run from the meter in front of the home to the back of the home if that is where it is located. Then there is the obvious liability this creates in accessing private property, i.e. damaging trees, shrubs, lawns etc. The system is so old, I am sure we will run into the scenario of water pressure being an issue. Since the new system will obviously have more pressure, I think governors will have to be put in place to control the extra pressure within the home.

Naco Water Company recently was permitted by WIFA to utilize their reserve funds for a project that was required by Cochise County. The County was widening a road in the Border Road area in Bisbee Junction and needed the water lines moved and buried deeper.

At the same time a well went down and a new well had to be drilled leaving a deficit of approximately \$30,000.00 over and above of the reserve fund that was available.

We have recently been advised that Well #4 is having problems and needs to be addressed before the summer months. We have recently had the pump replaced at a cost of \$4,300.00, but it doesn't seem to be helping the situation at all.

Naco Water Company, LLC System #(s) 02-024, 02-112, 02-133

Proposed Project (continued)

Needless to say this situation is extremely urgent and something must be done in order for the water customers to continue to receive water with uninterrupted service. We are in hope that Naco Water Company will be put on a priority list for Project Technical Assistance as well as funding for the needed projects as soon as possible.

- 3) There are no Notice of Violations or Consent Orders from a regulating agency.
- 4) No, the project will not involve consolidation of existing facilities. The project will involve the continuation of upgrading the water system.
- 5) Naco Water Company was previously funded by WIFA in 1999. The original amount funded was \$671,000.00. The current balance of the loan as of 12/31/04 is \$478,399.00.

We are currently estimating the cost of the needed completion to be in the neighborhood of an additional \$700,000.00 to \$800,000.00. It is truly impossible to know the exact cost at this time as we do not know how involved the process will be to get the water from the old line to the new line at some of the customer's homes.

As you can see, Well #4 is of the utmost urgency at this time. Some Naco Water customers are at risk of being without water in the near future if another well goes down. Well #4 is about 10 years old, approximately 400 ft. deep and is going dry. It is pumping very slow and needs to be deepened if possible or if not a new well needs to be drilled. When the summer months get here the demand will be too great for the well to handle. We are currently hauling 4 to 6 loads of water par day at a cost of approximately \$2,000.00 per day due to having to pull the well pump and drop a camera to see what the condition the well is in. There is a extreme amount of corrosion on the pipe and pump so it must be cleaned before putting the pump back in operation. We are hoping this will help the well situation to a point.

CASH FLOW ANALYSIS YEAR END 12/31/2004

		Operating Revenue:	\$ <u>163,893</u>
		Operating Expenses: All other Operating Expenses Depreciation Property Taxes Other Taxes	\$103,198 \$45,857 \$9,762 \$ <u>0</u> \$ <u>158,817</u>
		Operating Income (Per P & L) Add Back In Depreciation Total Cash Available	\$5,076 \$ <u>45,857</u> \$ <u>50,933</u>
WIFA #1 WIFA #1 WIFA #1		Less: Annual Principal and Interest Payment (\$3,973.05 x 12) Annual Debt Service Reserve Payment (\$423.18 x 12) Annual Reserve fund "Catch-Up" Payment (\$1,218.08 x 12) Subtotal	\$47,677 \$5,077 <u>\$14,617</u> \$67,371
WIFA #1		Annual Repair and Maintenance Payment (\$794.61 x 12)	<u>\$9,535</u>
WIFA #1		Total Debt Service & Repair Requirement WIFA Loan #1	<u>\$76,906</u>
WIFA #2 WIFA #2 * WIFA #2	If Approved If Approved If Approved	Less: Annual Principal and Interest Payment (\$6,489.73 x 12) Annual Debt Service Reserve Payment (\$1,081.62 x 12) Annual Repair & Replacement Fund Payment (\$1,081.62 x 12)	\$77,869 \$12,979 <u>\$12,979</u>
WIFA #2	If Approved	Total Debt Service & Repair Requirement WIFA Loan #2	\$103,827
		Total Cash Needed for Debt	\$180,733
		Cash Needed to Break Even	\$129,800
		* Surcharge Implemented Per Docket #W-02860A-05-0184 * Total Cash Needed for Debt	\$30,225 \$99,575

^{*} Funding to begin 07/01/11

^{**} Surcharge implemented for emergency rates 8/1/05

^{***} This amount was based on using a WIFA Loan amount of an additional \$700,000. Depending on the actual cost study, not as yet finalized, but will be provided per a WIFA grant obtained by Naco Water Co., this amount most likely will increase.

EXHIBIT "A"

NACO WATER COMPANY, LLC

	# Of Feet	Location:		
1)	7920	1 service - Gore Ranch Ro	ad (over fence)	- Purdy Lane (1 meter)
2)	400	Purdy Lane		
3)	200	11 11		
4)	275	" "		
5)	1060	11 11		
6)	300	11 11		
7)	785	Southern Pacific Railroad (SPRR)	
8)	1100	11 11		
9)	5280	1 Service (Airport) pumps t	o holding tank -	S. Bisbee Junction Rd.
10)	800	SPRR		
11)	2680	E. Saguaro Lane, Bisbee J	unction Rd., S.	Box Turtle
12)	440	S. Cactus Lane		
13)	440	E. Mulberry Lane		
14)	500	E. Mulberry Lane		
15)	2440	Border Rd.		
16)	750	1 Service		
Total Ft	25370	\$ 20.00 ft	\$507,400.00	Estimate
#Meters	75	\$ 500.00 ea \$	37,500.00	Estimate (Includes Meter/Box, Lids & Lab
	2 RR Crossi	ng Bores: \$	18,000.00	Estimate

\$562,900.00

75,000.00 Estimate

\$637,900.00 Approximate Cost *

Management Fee:

^{*} Does not include cost of drilling new Well #4, distribution line from well to storage or well site purchase. This is an informal estimate of cost as WIFA has given Naco Water Co. a technical assistance grant wherein a formal estimate will be acquired. We expect the estimate could increase as much as \$150,000.00 at the time of actual construction due to pipe and material costs which increase daily in some cases.

Section 1: Financial Assistance Terms and Conditions NACO WATER COMPANY 19-Aug-05

Loan NumberSAMPLE LOAN REPAYME	NT	SCHEDULE
Closing Date		01/01/06
Financial Assistance Terms and Conditions		
Original Loan Amount as of the Closing Date	\$	700,000.00
Final Loan Amount as of Release of Retention		700,000.00
Loan Term		20
First Fixed Monthly Payment		07/01/06
Final Fixed Monthly Payment		01/01/26
Debt Service Reserve Fund Requirements (Held by WIFA)		
Total Reserve Amount	\$	64,897.26
Monthly Deposit	\$	1,081.62
Reserve Funded by (Date)		06/01/11
WIFA will apply earnings on Debt Service Reserve to Principal Repayment.		
Repair and Replacement Fund Requirement (Held by Borrower)		
Begin Funding on (Date)		07/01/11
Annual Amount	\$	12,979.45
Monthly Deposit		1,081.62
Monthly Payment		
Period #7 - 1st Debt Service Payment		
Maximum Payment (Includes interest payable from Closing to 1st Payment)	\$	26,323.06
Minimum Payment		6,489.73
WIFA will calculate the first payment due on Period #7; payment will depend on actual loan draws.		
Periods #8 through #66	\$	6,489.73
Periods #67 through #120		5,408.11
Periods #121 through #180		5,408.11
Periods #181 through #240		5,408.11

Section 2: Loan Repayment Schedule, Repayment Periods 1 through 80 NACO WATER COMPANY 19-Aug-05

	Semi-Annual	Combined	Fixed		Semi-Annual	Combined	Fixed
	Payment	Interest and	Monthly		Payment	Interest and	Monthly
Period	Dates	Fee Rate	Payment	Period	Dates	Fee Rate	Payment
1	02/01/06	6.800%	0.00	41	06/01/09	6.800%	6,489.73
2	03/01/06	6.800%	0.00	42	07/01/09	6.800%	6,489.73
3	04/01/06	6.800%	0.00	43	08/01/09	6.800%	6,489.73
4	05/01/06	6.800%	0.00	44	09/01/09	6.800%	6,489.73
5	06/01/06	6.800%	0.00	45	10/01/09	6.800%	6,489.73
6	07/01/06	6.800%	0.00	46	11/01/09	6.800%	6,489.73
7	08/01/06	6.800%	26,323.06	47	12/01/09	6.800%	6,489.73
8	09/01/06	6.800%	6,489.73	48	01/01/10	6.800%	6,489.73
9	10/01/06	6.800%	6,489.73	49	02/01/10	6.800%	6,489.73
10	11/01/06	6.800%	6,489.73	50	03/01/10	6.800%	6,489.73
11	12/01/06	6.800%	6,489.73	51	04/01/10	6.800%	6,489.73
12	01/01/07	6.800%	6,489.73	52	05/01/10	6.800%	6,489.73
13	02/01/07	6.800%	6,489.73	53	06/01/10	6.800%	6,489.73
14	03/01/07	6.800%	6,489.73	54	07/01/10	6.800%	6,489.73
15	04/01/07	6.800%	6,489.73	55	08/01/10	6.800%	6,489.73
16	05/01/07	6.800%	6,489.73	56	09/01/10	6.800%	6,489.73
17	06/01/07	6.800%	6,489.73	57	10/01/10	6.800%	6,489.73
18	07/01/07	6.800%	6,489.73	58	11/01/10	6.800%	6,489.73
19	08/01/07	6.800%	6,489.73	59	12/01/10	6.800%	6,489.73
20	09/01/07	6.800%	6,489.73	60	01/01/11	6.800%	6,489.73
21	10/01/07	6.800%	6,489.73	61	02/01/11	6.800%	6,489.73
22	11/01/07	6.800%	6,489.73	62	03/01/11	6.800%	6,489.73
23	12/01/07	6.800%	6,489.73	63	04/01/11	6.800%	6,489.73
24	01/01/08	6.800%	6,489.73	64	05/01/11	6.800%	6,489.73
25	02/01/08	6.800%	6,489.73	65	06/01/11	6.800%	6,489.73
26	03/01/08	6.800%	6,489.73	66	07/01/11	6.800%	6,489.73
27	04/01/08	6.800%	6,489.73	67	08/01/11	6.800%	5,408.11
28	05/01/08	6.800%	6,489.73	68	09/01/11	6.800%	5,408.11
29	06/01/08	6.800%	6,489.73	69	10/01/11	6.800%	5,408.11
30	07/01/08	6.800%	6,489.73	70	11/01/11	6.800%	5,408.11
31	08/01/08	6.800%	6,489.73	71	12/01/11	6.800%	5,408.11
32	09/01/08	6.800%	6,489.73	72	01/01/12	6.800%	5,408.11
33	10/01/08	6.800%	6,489.73	73	02/01/12	6.800%	5,408.11
34	11/01/08	6.800%	6,489.73	74	03/01/12	6.800%	5,408.11
35	12/01/08	6.800%	6,489.73	75	04/01/12	6.800%	5,408.11
36	01/01/09	6.800%	6,489.73	76	05/01/12	6.800%	5,408.11
37	02/01/09	6.800%	6,489.73	77	06/01/12	6.800%	5,408.11
38	03/01/09	6.800%	6,489.73	78	07/01/12	6.800%	5,408.11
39	04/01/09	6.800%	6,489.73	79	08/01/12	6.800%	5,408.11
40	05/01/09	6.800%	6,489.73	80	09/01/12	6.800%	5,408.11

Section 3: Loan Repayment Schedule, Repayment Periods 81 through 160 NACO WATER COMPANY 19-Aug-05

	Semi-Annual	Combined	Fixed		Semi-Annual	Combined	Fixed
	Payment	Interest and	Monthly		Payment	Interest and	Monthly
Period	Dates	Fee Rate	Payment	Period	Dates	Fee Rate	Payment
81	10/01/12	6.800%	5,408.11	121	02/01/16	6.800%	5,408.11
82	11/01/12	6.800%	5,408.11	122	03/01/16	6.800%	5,408.11
83	12/01/12	6.800%	5,408.11	123	04/01/16	6.800%	5,408.11
84	01/01/13	6.800%	5,408.11	124	05/01/16	6.800%	5,408.11
85	02/01/13	6.800%	5,408.11	125	06/01/16	6.800%	5,408.11
86	03/01/13	6.800%	5,408.11	126	07/01/16	6.800%	5,408.11
87	04/01/13	6.800%	5,408.11	127	08/01/16	6.800%	5,408.11
88	05/01/13	6.800%	5,408.11	128	09/01/16	6.800%	5,408.11
89	06/01/13	6.800%	5,408.11	129	10/01/16	6.800%	5,408.11
90	07/01/13	6.800%	5,408.11	130	11/01/16	6.800%	5,408.11
91	08/01/13	6.800%	5,408.11	131	12/01/16	6.800%	5,408.11
92	09/01/13	6.800%	5,408.11	132	01/01/17	6.800%	5,408.11
93	10/01/13	6.800%	5,408.11	133	02/01/17	6.800%	5,408.11
94	11/01/13	6.800%	5,408.11	134	03/01/17	6.800%	5,408.11
95	12/01/13	6.800%	5,408.11	135	04/01/17	6.800%	5,408.11
96	01/01/14	6.800%	5,408.11	136	05/01/17	6.800%	5,408.11
97	02/01/14	6.800%	5,408.11	137	06/01/17	6.800%	5,408.11
98	03/01/14	6.800%	5,408.11	138	07/01/17	6.800%	5,408.11
99	04/01/14	6.800%	5,408.11	139	08/01/17	6.800%	5,408.11
100	05/01/14	6.800%	5,408.11	140	09/01/17	6.800%	5,408.11
101	06/01/14	6.800%	5,408.11	141	10/01/17	6.800%	5,408.11
102	07/01/14	6.800%	5,408.11	142	11/01/17	6.800%	5,408.11
103	08/01/14	6.800%	5,408.11	143	12/01/17	6.800%	5,408.11
104	09/01/14	6.800%	5,408.11	144	01/01/18	6.800%	5,408.11
105	10/01/14	6.800%	5,408.11	145	02/01/18	6.800%	5,408.11
106	11/01/14	6.800%	5,408.11	146	03/01/18	6.800%	5,408.11
107	12/01/14	6.800%	5,408.11	147	04/01/18	6.800%	5,408.11
108	01/01/15	6.800%	5,408.11	148	05/01/18	6.800%	5,408.11
109	02/01/15	6.800%	5,408.11	149	06/01/18	6.800%	5,408.11
110	03/01/15	6.800%	5,408.11	150	07/01/18	6.800%	5,408.11
111	04/01/15	6.800%	5,408.11	151	08/01/18	6.800%	5,408.11
112	05/01/15	6.800%	5,408.11	152	09/01/18	6.800%	5,408.11
113	06/01/15	6.800%	5,408.11	153	10/01/18	6.800%	5,408.11
114	07/01/15	6.800%	5,408.11	154	11/01/18	6.800%	5,408.11
115	08/01/15	6.800%	5,408.11	155	12/01/18	6.800%	5,408.11
116	09/01/15	6.800%	5,408.11	156	01/01/19	6.800%	5,408.11
117	10/01/15	6.800%	5,408.11	157	02/01/19	6.800%	5,408.11
118	11/01/15	6.800%	5,408.11	158	03/01/19	6.800%	5,408.11
119	12/01/15	6.800%	5,408.11	159	04/01/19	6.800%	5,408.11
120	01/01/16	6.800%	5,408.11	160	05/01/19	6.800%	5,408.11

Section 3: Loan Repayment Schedule, Periods 161 through 240 NACO WATER COMPANY

			19-	Aug-05			
	Semi-Annual	Combined	Fixed		Semi-Annual	Combined	Fixed
	Payment	Interest and	Monthly		Payment	Interest and	Monthly
Period	Dates	Fee Rate	Payment	Period	Dates	Fee Rate	Payment
161	06/01/19	6.800%	5,408.11	201	10/01/22	6.800%	5,408.11
162	07/01/19	6.800%	5,408.11	202	11/01/22	6.800%	5,408.11
163	08/01/19	6.800%	5,408.11	203	12/01/22	6.800%	5,408.11
164	09/01/19	6.800%	5,408.11	204	01/01/23	6.800%	5,408.11
165	10/01/19	6.800%	5,408.11	205	02/01/23	6.800%	5,408.11
166	11/01/19	6.800%	5,408.11	206	03/01/23	6.800%	5,408.11
167	12/01/19	6.800%	5,408.11	207	04/01/23	6.800%	5,408.11
168	01/01/20	6.800%	5,408.11	208	05/01/23	6.800%	5,408.11
169	02/01/20	6.800%	5,408.11	209	06/01/23	6.800%	5,408.11
170	03/01/20	6.800%	5,408.11	210	07/01/23	6.800%	5,408.11
171	04/01/20	6.800%	5,408.11	211	08/01/23	6.800%	5,408.11
172	05/01/20	6.800%	5,408.11	212	09/01/23	6.800%	5,408.11
173	06/01/20	6.800%	5,408.11	213	10/01/23	6.800%	5,408.11
174	07/01/20	6.800%	5,408.11	214	11/01/23	6.800%	5,408.11
175	08/01/20	6.800%	5,408.11	215	12/01/23	6.800%	5,408.11
176	09/01/20	6.800%	5,408.11	216	01/01/24	6.800%	5,408.11
177	10/01/20	6.800%	5,408.11	217	02/01/24	6.800%	5,408.11
178	11/01/20	6.800%	5,408.11	218	03/01/24	6.800%	5,408.11
179	12/01/20	6.800%	5,408.11	219	04/01/24	6.800%	5,408.11
180	01/01/21	6.800%	5,408.11	220	05/01/24	6.800%	5,408.11
181	02/01/21	6.800%	5,408.11	221	06/01/24	6.800%	5,408.11
182	03/01/21	6.800%	5,408.11	222	07/01/24	6.800%	5,408.11
183	04/01/21	6.800%	5,408.11	223	08/01/24	6.800%	5,408.11
184	05/01/21	6.800%	5,408.11	224	09/01/24	6.800%	5,408.11
185	06/01/21	6.800%	5,408.11	225	10/01/24	6.800%	5,408.11
186	07/01/21	6.800%	5,408.11	226	11/01/24	6.800%	5,408.11
187	08/01/21	6.800%	5,408.11	227	12/01/24	6.800%	5,408.11
188	09/01/21	6.800%	5,408.11	228	01/01/25	6.800%	5,408.11
189	10/01/21	6.800%	5,408.11	229	02/01/25	6.800%	5,408.11
190	11/01/21	6.800%	5,408.11	230	03/01/25	6.800%	5,408.11
191	12/01/21	6.800%	5,408.11	231	04/01/25	6.800%	5,408.11
192	01/01/22	6.800%	5,408.11	232	05/01/25	6.800%	5,408.11
193	02/01/22	6.800%	5,408.11	233	06/01/25	6.800%	5,408.11
194	03/01/22	6.800%	5,408.11	234	07/01/25	6.800%	5,408.11
195	04/01/22	6.800%	5,408.11	235	08/01/25	6.800%	5,408.11
196	05/01/22	6.800%	5,408.11	236	09/01/25	6.800%	5,408.11
197	06/01/22	6.800%	5,408.11	237	10/01/25	6.800%	5,408.11
198	07/01/22	6.800%	5,408.11	238	11/01/25	6.800%	5,408.11
199	08/01/22	6.800%	5,408.11	239	12/01/25	6.800%	5,408.11
200	09/01/22	6.800%	5,408.11	240	01/01/26	6.800%	5,408.11

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct.	OPERATING REVENUES	PRIOR	TEST	Pro Forma	Pro Forma
No.		YEAR	YEAR	Balance	Balance
		2003	2004	YE End 2005	YE 2006
461	Metered Water Revenue	\$169,511	\$160,919	\$183,513 *	\$203,516 *
460	Unmetered Water Revenue	\$0	\$0	\$0	\$0
474	Other Water Revenue	\$2,306	\$2,816	\$2,816	\$2,816
	TOTAL OPERATING REVENUES *	\$171,817	\$163,735	\$186,329	\$206,332
	OPERATING EXPENSES			:	
601	Salaries and Wages	\$15,217	\$15,204	\$15,204	\$15,204
610	Purchased Water	\$0	\$0	\$0	\$0
615	Purchased Power	\$9,227	\$9,357	\$9,357	\$9,600
618	Chemicals	\$916	\$2,145	\$2,145	\$2,300
620	Repairs and Maintenance	\$3,261	\$2,950	\$2,950	\$3,100
621	Office Supplies and Expense	\$3,906	\$3,788	\$3,788	\$3,788
630	Outside Services	\$52,338	\$52,458	\$52,458	\$52,458
635	Water Testing	\$2,340	\$2,981	\$2,981	\$3,100
641	Rents	\$2,400	\$2,777	\$2,777	\$2,777
650	Transportation Expense	\$4,686	\$5,840	\$5,840	\$6,200
657	Insurance - General Liability	\$2,811	\$2,896	\$2,896	\$2,896
659	Insurance - Health and Life	\$2,634	\$2,574	\$2,574	\$2,574
666	Regulatory Commission Expense - Rate Case	\$0	\$0	\$5,000	\$0
675	Miscellaneous Expense	\$17,270	\$11,837	\$14,500 **	* \$38,300 ***
403	Depreciation Expense	\$41,307	\$45,857	\$45,857	\$45,857
408	Taxes Other Than Income	\$0	\$0	\$0	\$0
408.11	Property Taxes	\$8,705	\$9,762	\$9,762	\$9,762
409	Income Tax	\$0	\$0	\$0	\$0
	TOTAL OPERATING EXPENSE	\$167,017	\$170,426	\$178,089	\$197,916
	OPERATING INCOME/(LOSS)	\$4,799	-\$6,691	\$8,240	\$8,416
	OTHER INCOME/(EXPENSE)				
419	Interest and Dividend Income	\$311	\$158	\$158	\$158
421	Non-Utility Income	\$0	\$0	\$0	\$0
426	Miscellaneous Non-Utility Expense	\$0	\$0	\$0	\$0
427	Interest Expense	\$4,332	\$4,724	\$9,724 **	
	TOTAL OTHER INCOME/(EXPENSE)	\$4,021	\$4,567	\$9,566	\$9,882
	NET INCOME/(LOSS)	\$778	-\$11,257	-\$1,326	-\$1,466

^{*}This number includes Surcharge implimented per Docket #W-02860A-05-0184 & assuming revenue increase from the ACC in 2006

^{**}This number reflects the estimated projection of additional interest if WIFA loan is granted. See WIFA Sample Schedule Loan Repayment in Finance section. Principal & Interest is lumped together therefore, I don't have an exact interest figure.

^{***} WIFA Fee Expense

Company Name: Naco Water Company, LLC

Test Year Ended: 12/31/04-05-06 Pro Forma

BALANCE SHEET

100		BAL ANCE AT	BALANCE	Pro Forma	Pro Forma	
N S S	ASSETS	BEGINNING OF TEST YEAR	AT END OF TEST YEAR 2004	Balance End of 2005	Balance End of 2006	
	CURRENT AND ACCRUED ASSETS					
131	Cash	\$16,839	\$2,200	\$2,200	\$2,200	
135		0\$	\$0	\$0	\$0	
141		\$22,020	\$22,336	\$22,336	\$22,336	
146	Notes/Receivables from Associated Companies	0\$	\$0	\$0	\$0	
151	Plant Materials & Supplies	0\$	0\$	\$0	\$0	
162	Prepayments	0\$	0\$	\$0	\$0	
174	1	\$52,091	\$17,770	\$19,106	\$19,106	**
174		\$42,598	\$2,560	\$20,993	\$32,085	* *
174		\$0	\$0	\$11,125	\$11,125	* * *
-		\$133,548	\$44,867	\$75,760	\$86,852	
	FIXED ASSETS					
101		\$891,866	\$952,882	\$975,000	\$1,675,000	*
103	1	\$0	\$0	\$0	0\$	
105	1	\$0	0\$	80	\$0	
108		-\$277,535	-\$325,056	-\$371,710	-\$502,981	
121		\$0	\$0	\$0	\$0	
122		\$0	0\$	\$0	\$0	
		\$614,331	\$627,826	\$603,290	\$1,172,019	
	TOTAL ASSETS	\$747,879	\$672,693	\$679,050	\$1,258,871	

*** Assuming WIFA Financing Application is Approved
**** Reserve Fund for WIFA Financing #2 to begin 7/01/11

Company Name: Naco Water Co., LLC

BALANCE SHEET (CONTINUED)

Test Year Ended: 12/31/04-05-06 Pro Forma

Acct.	LIABILITIES	BALANCE AT BEGINNING OF	BALANCE AT END OF	Pro Forma Balance	Pro Forma Balance
		TEST YEAR 2003	TEST YEAR 2004	End of 2005	End of 2006
	CURRENT LIABILITIES				
231	Accounts Payable	\$0	\$29,983	\$61,294	\$29,983
232	Notes Payable (Current Portion)	\$17,000	\$17,000	\$17,000	\$17,000
234	Notes/Accounts Payable to Associated Companies	80	\$0	\$0	\$0
235	Customer Deposits	\$14,380	\$13,801	\$13,663	\$13,663
236	Accrued Taxes	\$731	\$700	\$700	\$700
237	Accrued Interest	\$0	\$0	\$0	\$0
241	Miscellaneous Current and Accrued Liabilities	\$0	\$46	\$0	\$0
	TOTAL CURRENT LIABILITIES	\$32,110	\$61,530	\$92,657	\$61,346
	LONG-TERM DEBT (Over 12 Months)				
224	Long-Term Notes and Bonds	\$562,438	\$481,301	\$481,301	\$1,181,300
			ē		
	DEFERRED CREDITS				-
251	Unamortized Premium on Debt	\$0	\$0	\$0	80
252	Advances in Aid of Construction **	\$0	\$0	\$0	\$0
255	Accumulated Deferred Investment Tax Credits	\$0	\$0	\$0	\$0
271	Gross Contribution in Aid of Construction *	\$33,286	\$33,286	\$33,286	\$33,286
272	Less: Amortization of Contributions	-\$11,786	-\$13,450	-\$13,450	-\$13,450
281	Accumulated Deferred Income Tax	\$0	\$0	\$0	\$0
	TOTAL DEFERRED CREDITS	\$21,500	\$19,837	\$19,836	\$19,836
	TOTAL LIABILITIES	\$616,048	\$562,667	\$593,794	\$1,262,482
			·		

Company Name: Naco Water Co., LLC
BALANCE SHEET (CONTINUED)

Test Year Ended: 12/31/04-05-06 Pro Forma

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR 2003	BALANCE AT END OF TEST YEAR 2004	Pro Forma Balance End of 2005	Pro Forma Balance End of 2006
	CAPITAL ACCOUNTS				
201	201 Common Stock Issued	0\$	0\$	0\$	
211	Paid in Capital in Excess of Par Value	0\$	0\$	0\$	
215	215 Retained Earnings	-\$10,994	-\$32,798	-\$57,568	-\$146,435
218	218 Proprietary Capital (Sole Props and Partnerships)	\$142,824	\$142,824	\$142,824	\$142,824
	TOTAL CAPITAL	\$131,830	\$110,026	\$85,256	-\$3,611
	TOTAL LIABILITIES AND CAPITAL	\$747,878	\$672,693	\$679,050	\$1,258,871

		NACO WATER COMP.	MPANY, LLC						
								PAGE 1 OF 7	
	REVISED 1/16/04								
		DEPRECI/	DEPRECIATION SCHEDULE AT 5%	JLE AT 5%				:	
				,					
		Decision #							
		62033							
		Docket#W-02860A-99-0361	0361		ADDITIONS	END	DEP.	ACCUM/DEP.	
ACCOUNT		PLANT	ACCUM/DEP.	O.C.L.D.	(RETIREMENTS)	PLANT	2%	TO END	0.C.L.D.
#		PER STAFF	PER STAFF	1997	1998	1998	1998	1998	1998
		12/31/1997	12/31/1997						
#301	INTANGIBLES	\$198	N/A	\$198		\$198	N/A	\$0	\$198
#305	FRANCHISES	\$0.00	N/A	0\$		\$0	N/A	0	\$0
#303	LAND & LAND RIGHTS	\$2,188	N/A	\$2,188		\$2,188	N/A	0\$	\$2,188
#304	STRUCTURES & IMPROVEMENTS	\$1,290	\$65	\$1,225	\$403	\$1,693	\$85	\$150	\$1,543
#307	WELLS & SPRINGS	\$34,149	\$12,757	\$21,392	\$3,896	\$38,045	\$1,902	\$14,659	\$23,386
#311	PUMPING EQUIPMENT	\$61,115	\$26,645	\$34,470	\$1,147	\$62,262	\$3,113	\$29,758	\$32,504
#320	WATER TREATMENT EQUIPMENT	\$1,971	\$66	\$1,872		\$1,971	\$39	\$198	\$1,773
#330	DIST. RESERVOIR & STANDPIPE	\$12,489	\$8,844	\$3,645		\$12,489	\$624	\$9,468	\$3,021
#331	TRANS. & DISTRIBUTION MAINS	\$16,460	\$11,497	\$4,963	\$704	\$17,164	\$858	\$12,355	\$4,809
#333	SERVICES	\$8,919	\$7,632	\$1,287	\$738	\$9,657	\$483	\$8,115	\$1,542
#334	METERS	\$17,809	\$12,513	\$5,296	\$1,233	\$19,042	\$952	\$13,465	\$5,577
#332	HYDRANTS	0\$	\$0	\$0		0\$	\$0	\$0	\$0
#340	OFFICE FURNITURE/FIXTURES	\$9,202	\$8,535	\$667		\$9,202	\$460	\$8,995	\$207
#341	TRANSPORTATION EQUIPMENT	\$0	\$0	O\$		\$0	\$0	\$0	\$0
#343	TOOLS & WORK EQUIPMENT	\$140	\$7	\$133		\$140	\$7	\$14	\$126
#345	POWER OPERATED EQUIPMENT	\$2,818	\$2,818	\$0		\$2,818	\$0	\$2,818	\$0
#348	OTHER TANGIBLE PLANT	\$0.00	\$0.00	\$0		\$0		\$0	\$0
	TOTAL	\$168,748	\$91,412	\$77,336	\$8,121	\$176,869	\$8,583	\$99,995	\$76,874
M/S F:NWCDEPTO2002	PTO2002.								

ACCUMIDEP. ADDITIONS END DEF TO END (RETIREMENTS) PLANT 5% 1998 1999 1999 199 N/A \$33,235 \$5,423 N// N/A \$14,659 \$1,200 \$18,364 \$1,465 \$1,200 \$18,364 \$1,200 \$18,364 \$1,371 \$200 \$1,465 \$1,200 \$18,364 \$1,371 \$200 \$1,465 \$1,200 \$18,364 \$1,200 \$18			NACO WATER	COMPANY, LLC					
NAME PLANT TO END TO E									PAGE 2 OF /
NITANGIBLES						-			
NATION PLANT TO END 1998 1999 19					DEPRECIAT	ION SCHEDU	LE AT 5%		
PLANT TO END TO									
Intrancial Est PLANT TO END RETIREMENTS PLANT 5% 1998 1998 1999 199									
NIA 1996 1999 1			Q.	ACCUMINED	Applitions	GNB	DEP.	ACCUM/DEP.	
NAMICIBLES 1996 1996 1999 1	1111000		DI ANT	TO END	(RETIREMENTS)	PLANT	2%	TO END	O.C.L.D.
INTANGIBLES S198 N/A S199 S199 N/A S199	ACCOUNT #		1998	1998	1999	1999	1999	1999	1999
INTANGIBLES									
FFANCHISES SO NI/A \$3,235 \$5,423 NI/A LAND & LAND RIGHTS \$1,693 \$1,720 \$1,693 \$1,720 \$1,7	#301	INTANGIBLES	\$198	N/A		\$198	N/A	A/A	\$198
NIA & LAND RIGHTS \$2,188	#302	FRANCHISES	0\$	N/A		\$0	N/A	N/A	\$0
STRUCTURES & IMPROVEMENTS \$1,693 \$1659 \$1,693 WELLS & SPRINGS \$38,045 \$14,659 \$38,045 \$38,045 PUMPING EQUIPMENT \$62,262 \$29,758 \$7,222 \$69,484 \$1,971 WATER TREATMENT EQUIPMENT \$1,971 \$1,971 \$1,971 \$1,971 \$1,971 DIST. RESERVOIR & STANDPIPE \$1,2748 \$1,248 \$1,206 \$1,971 \$1,971 DIST. RESERVOIR & STANDPIPE \$1,2748 \$1,276 \$1,977 \$1,977 \$1,977 TRANS. & DISTRIBUTION MAINS \$17,164 \$1,1,356 \$1,1,200 \$1,1,720 METRIS \$1,1,246 \$1,1,465 \$1,1,720 \$1,1,720 METRIS \$1,1,246 \$1,1,200 \$1,1,720 METRIS \$1,1,246 \$1,1,200 \$1,1,720 METRIS \$1,1,246 \$1,1,246 \$1,1,720 METRIS \$1,1,240 \$1,1,240 \$1,1,240 METRIS \$1,1,240 \$1,1,240 \$1,1,240 METRIS \$1,1,240 \$1,1,240 \$1,1,240	#303	I AND & I AND RIGHTS	\$2,188	N/A	\$3,235	\$5,423	N/A	N/A	\$5,423
WELLS & SPRINGS \$38,045 \$14,659 \$38,045 \$38,045 \$38,045 \$38,045 \$38,045 \$38,045 \$38,045 \$496 \$40,468 \$40,468 \$40,468 \$40,471 \$40,468 \$40,471 \$40,472	#304	STRUCTURES & IMPROVEMENTS	\$1,693	\$150		\$1,693	\$85	\$234	\$1,459
PUMPING EQUIPMENT \$62,262 \$29,758 \$7,222 \$69,484 WATER TREATMENT EQUIPMENT \$1,971 \$1,972 \$1,971 \$1,972 \$1,	#307	WELLS & SPRINGS	\$38,045	\$14,659		\$38,045	\$1,902	\$16,562	\$21,484
WATER TREATMENT EQUIPMENT \$1,971 \$1971 \$1971 \$1971 \$1,971 \$1,971 \$1,971 \$1,971 \$1,971 \$1,971 \$1,971 \$1,971 \$1,971 \$1,001 \$1,248 \$1,248 \$1,248 \$1,248 \$1,248 \$1,248 \$1,248 \$1,248 \$1,270 \$1,354 \$1,720 \$1,354 \$1,720	#311	PLIMPING EQUIPMENT	\$62,262	\$29,758	\$7,222	\$69,484	\$3,474	\$33,232	\$36,252
DIST. RESERVOIR & STANDPIPE \$12,489 \$9,468 \$12,928 \$32,017 TRANS. & DISTRIBUTION MAINS \$17,164 \$12,355 \$1,200 \$18,364 SERVICES \$17,164 \$12,355 \$1,200 \$18,364 SERVICES \$19,042 \$13,465 \$1,751 \$1,720 METERS \$0,657 \$13,465 \$1,751 \$1,720 METERS \$0,657 \$1,3465 \$1,751 \$1,750 METERS \$0,657 \$1,3465 \$1,751 \$1,750 METERS \$0,657 \$1,3465 \$1,751 \$1,760 METERS \$1,76,869 \$1,76,869 \$2,10,868 \$2,10,868 TOOLS & WORK EQUIPMENT \$1,76,869 \$23,999 \$2,10,868 \$2,10,868 OTHER TANGIBLE PLANT \$1,76,869 \$299,995 \$33,999 \$2,10,868	#320	WATER TREATMENT EQUIPMENT	\$1,971	\$198		\$1,971	66\$	\$296	\$1,675
TRANS. & DISTRIBUTION MAINS \$17,164 \$12,355 \$1,200 \$18,364 SERVICES \$9,657 \$8,115 \$2,063 \$11,720 METERS \$19,042 \$13,465 \$751 \$11,720 METERS \$0 \$0 \$0 \$0 HYDRANTS \$0 \$0 \$0 \$0 OFFICE FURNITURE/FIXTURES \$9,202 \$8,995 \$0 \$0 TRANSPORTATION EQUIPMENT \$140 \$14 \$140 \$140 TOOLS & WORK EQUIPMENT \$2,818 \$2,818 \$2,818 POWER OPERATED EQUIPMENT \$0 \$0 \$0 OTHER TANGIBLE PLANT \$176,869 \$39,995 \$33,999 \$210,868 TOTAL \$176,869 \$99,995 \$33,999 \$210,868 \$210,868	#330	DIST. RESERVOIR & STANDPIPE	\$12,489	\$9,468	\$19,528	\$32,017	\$1,601	\$11,069	\$20,948
SERVICES \$8,115 \$2,063 \$11,720 METERS \$19,042 \$13,465 \$751 \$19,733 METERS \$0 \$0 \$0 \$0 HYDRANTS \$0 \$0 \$0 \$0 OFFICE FURNITURE/FIXTURES \$9,202 \$8,995 \$0 \$0 TRANSPORTATION EQUIPMENT \$140<	#331	TRANS. & DISTRIBUTION MAINS	\$17,164	\$12,355	\$1,200	\$18,364	\$918	\$13,273	\$5,091
METERS \$19,042 \$13,465 \$751 \$19,793 HYDRANTS \$0 \$0 \$0 \$0 OFFICE FURNITURE/FIXTURES \$9,202 \$8,995 \$9,202 TRANSPORTATION EQUIPMENT \$140 \$140 \$140 TOOLS & WORK EQUIPMENT \$1,818 \$2,818 \$2,818 POWER OPERATED EQUIPMENT \$0 \$0 \$0 OTHER TANGIBLE PLANT \$176,869 \$399,995 \$33,999 \$210,868 OTHER TANGIBLE PLANT \$176,869 \$33,999 \$210,868 \$1	#333	SFRVICES	\$9,657	\$8,115	\$2,063	\$11,720	\$586	\$8,701	\$3,019
HYDRANTS \$0 \$0 \$0 OFFICE FURNITURE/FIXTURES \$9,202 \$8,995 \$9,202 TRANSPORTATION EQUIPMENT \$0 \$140 \$140 TOOLS & WORK EQUIPMENT \$2,818 \$2,818 \$2,818 POWER OPERATED EQUIPMENT \$0 \$0 \$0 OTHER TANGIBLE PLANT \$176,869 \$99,995 \$33,999 \$210,868 TOTAL \$176,869 \$39,995 \$33,999 \$210,868	#334	METERS	\$19,042	\$13,465	\$751	\$19,793	066\$	\$14,455	\$5,338
OFFICE FURNITURE/FIXTURES \$9,202 \$8,995 \$9,202 TRANSPORTATION EQUIPMENT \$0 \$140 \$140 \$140 TOOLS & WORK EQUIPMENT \$140 \$140 \$140 POWER OPERATED EQUIPMENT \$2,818 \$2,818 \$2,818 OTHER TANGIBLE PLANT \$0 \$0 \$0 TOTAL \$176,869 \$99,995 \$33,999 \$210,868 TOTAL \$176,869 \$33,999 \$210,868 \$210,868	#335	HYDRANTS	\$	\$0		\$0	\$0	0\$	
TRANSPORTATION EQUIPMENT \$0 \$0 \$0 TOOLS & WORK EQUIPMENT \$140 \$140 \$140 POWER OPERATED EQUIPMENT \$0 \$0 \$0 OTHER TANGIBLE PLANT \$176,869 \$99,995 \$33,999 \$210,868 TOTAL \$176,869 \$399,995 \$33,999 \$210,868	#340	OFFICE FURNITURE/FIXTURES	\$9,202	\$8,995		\$9,202	\$207	\$9,202	
TOOLS & WORK EQUIPMENT \$140 \$14	#341	TRANSPORTATION EQUIPMENT	\$0	\$0		\$0	0\$	0\$	
POWER OPERATED EQUIPMENT \$2,818 \$2,818 \$2,818 OTHER TANGIBLE PLANT \$0 \$0 \$0 TOTAL \$176,869 \$99,995 \$33,999 \$210,868	#343	TOOLS & WORK EQUIPMENT	\$140	\$14		\$140	\$7	\$21	\$1
OTHER TANGIBLE PLANT \$0 \$0 \$0 TOTAL \$176,869 \$99,995 \$33,999 \$210,868	#345	POWER OPERATED EQUIPMENT	\$2,818	\$2,818		\$2,818	0\$	\$2,818	
TOTAL \$176,869 \$99,995 \$33,999 \$210,868	#348	OTHER TANGIBLE PLANT	\$0	0\$		\$0	0	\$0	
			\$176,869	\$66,66\$	\$33,999	\$210,868	\$9,868	\$109,864	\$101,004

NIDEP. ADDITIONS END DEP. ACCUMIDEP. ACCUMIDEP. NIDEP. RETIREMENTS) PLANT 5% TO END 2000 99 2000 2000 2000 2000 2000 89 2000 2000 2000 2000 2000 A 8 \$168 N/A N/A \$198 A 8 \$15157 \$10580 N/A N/A \$10580 A \$234 \$17,870 \$56,916 \$2,796 \$19,377 \$36,568 \$10,656 \$10,27 \$26,944 \$39,476 \$79,706 \$11,776 \$11,776 \$236 \$1,971 \$6,796 \$19,776 \$15,776 \$11,777 \$11,776 \$11,776 \$11,776 \$11,776<
(RETIREMENTS) PLANT 5% TO END OC 2000 2000 2000 2000 2000 2000 \$1000 2000
2000 2000 <th< td=""></th<>
\$198 N/A N/A \$198 \$198 N/A N/A \$10.58 \$190 S\$1.69 \$100 S\$1.69 \$100 S\$1.69 \$10
\$5,157 \$10,580 NIA NIA \$10,58 \$1,593 \$85 \$13,93 \$1,693 \$85,915 \$1,33 \$49,392 \$11,837 \$55,915 \$1,347 \$49,392 \$11,847 \$55,944 \$39,176 \$1,377 \$102,497 \$134,514 \$6,726 \$1,7795 \$1,167 \$2,864 \$22,657 \$1,133 \$1,736 \$1,7
\$5,157 \$10,580 N/A N/A \$10,580 \$1,693 \$85 \$1,693 \$85,915 \$1,693 \$85,916 \$49,392 \$11,8876 \$5,944 \$39,176 \$1,971 \$5,944 \$39,176 \$1,971 \$99 \$13,97 \$1,971 \$428,985 \$21,449 \$34,723 \$384,28 \$1,134 \$12,854 \$54,449 \$34,723 \$394,28 \$1,134 \$12,854 \$54,449 \$34,723 \$394,28 \$2,864 \$22,657 \$1,133 \$15,588 \$7.0 \$2,864 \$22,657 \$1,133 \$15,588 \$7.0 \$34,717 \$34,717 \$1,736 \$1,736 \$32,9 \$34,717 \$34,717 \$1,736 \$39,202 \$34,717 \$34,717 \$1,736 \$39,202 \$41,00 \$50 \$50 \$50 \$50,002
\$1,693 \$85 \$319 \$1,37 \$17,870 \$55,915 \$2,796 \$19,357 \$36,55 \$49,392 \$1,876 \$5,944 \$39,176 \$79,77 \$102,497 \$134,514 \$6,726 \$11,795 \$11,67 \$410,621 \$428,985 \$21,449 \$34,723 \$34,717 \$2,864 \$22,657 \$1,133 \$15,588 \$7,0 \$2,864 \$22,657 \$1,133 \$1,736 \$3,54 \$2,864 \$22,657 \$1,133 \$1,736 \$3,54 \$2,864 \$22,657 \$1,736 \$3,52,9 \$3,4,717 \$1,736 \$1,736 \$30,20 \$0 \$0 \$0 \$0 \$1,00 \$0 \$0 \$0 \$3,4,717 \$1,736 \$2,022 \$1 \$1,736 \$2,022 \$2,818 \$2,818 \$1 \$2,818 \$2 \$2 \$2,818 \$2 \$3 \$2,818 \$2 \$3
\$17,870 \$55,915 \$2,796 \$19,357 \$36,55 \$49,392 \$1,876 \$5,944 \$39,176 \$79,77 \$102,497 \$1,971 \$99 \$395,176 \$79,77 \$102,497 \$134,514 \$6,726 \$17,795 \$116,7 \$410,621 \$428,985 \$21,449 \$34,723 \$34,717 \$2,864 \$22,657 \$1,133 \$15,588 \$7,0 \$2,864 \$22,657 \$1,736 \$1,736 \$32,94 \$34,717 \$9,202 \$1,736 \$32,94 \$32,94 \$34,717 \$1,736 \$1,736 \$32,94 \$32,94 \$34,717 \$1,736 \$1,736 \$32,94 \$32,94 \$1 \$1,60 \$1,736 \$32,94
\$49,392 \$118,876 \$5,944 \$39,176 \$79,70 \$102,497 \$134,514 \$6,726 \$17,795 \$116,7 \$410,621 \$428,985 \$21,449 \$34,723 \$116,7 \$1,134 \$12,854 \$643 \$34,723 \$394,20 \$2,864 \$22,657 \$1,133 \$17,588 \$7,0 \$2,864 \$22,657 \$1,736 \$1,736 \$35,29 \$34,717 \$34,717 \$1,736 \$1,736 \$32,99 \$34,717 \$34,717 \$1,736 \$1,736 \$32,99 \$34,717 \$34,717 \$1,736 \$1,736 \$32,99 \$3,202 \$6,202 \$6,202 \$1,736 \$1,73
\$1,971 \$999 \$395 \$1,57 \$102,497 \$134,514 \$6,726 \$17,795 \$116,7 \$410,621 \$428,985 \$21,449 \$34,723 \$394,22 \$1,134 \$12,854 \$643 \$9,344 \$3,64 \$2,864 \$22,657 \$1,133 \$15,588 \$7,0 \$34,717 \$34,717 \$1,736 \$1,736 \$32,9 \$34,717 \$34,717 \$1,736 \$1,736 \$32,9 \$34,717 \$34,717 \$1,736 \$1,736 \$32,9 \$34,717 \$34,717 \$1,736 \$1,736 \$32,9 \$34,717 \$34,717 \$1,736 \$1,736 \$32,9 \$4,736 \$1,736 <td< td=""></td<>
\$102,497 \$134,514 \$6,726 \$17,795 \$116,7 \$410,621 \$428,985 \$21,449 \$34,723 \$394,28 \$1,134 \$12,854 \$34,723 \$34,22 \$35,52 \$2,864 \$22,657 \$1,133 \$15,688 \$7,0 \$34,717 \$34,717 \$1,736 \$1,736 \$32,9 \$34,717 \$34,717 \$1,736 \$1,736 \$32,9 \$34,717 \$34,717 \$1,736 \$32,9 \$2,0 \$34,717 \$1,736 \$1,736 \$32,9 \$32,9 \$34,717 \$1,736 \$1,736 \$32,9 \$32,9 \$4,707 \$1,736 \$1,736 \$1,736 \$32,9 \$4,707 \$1,736 <
\$410,621 \$428,985 \$21,449 \$34,723 \$394,28 \$1,134 \$12,854 \$643 \$9,344 \$3,5 \$2,864 \$22,657 \$1,133 \$15,588 \$7,0 \$34,717 \$34,717 \$1,736 \$1,736 \$32,9 \$34,717 \$9,202 \$1,736 \$32,9 \$0 \$0 \$0 \$0 \$1,40 \$7 \$2,818 \$1 \$1,40 \$7 \$2,818 \$1 \$2,818 \$0 \$0 \$0 \$2,818 \$1 \$2,818 \$1 \$2,818 \$2,818 \$2,818 \$1 \$2,824,252 \$835,120 \$40,616 \$150,480 \$684,6
\$1,134 \$12,854 \$643 \$9,344 \$5.50 \$2,864 \$22,657 \$1,133 \$15,588 \$7,0 \$2,864 \$1,133 \$15,588 \$7,0 \$34,717 \$34,717 \$1,736 \$1,736 \$32,9 \$9,202 \$0
\$2,864 \$22,657 \$1,133 \$15,588 \$4,70 \$34,717 \$34,717 \$1,736 \$32,9 \$9,202 \$0 \$0 \$0 \$1,736 \$32,9 \$2,02 \$0 \$0 \$1,736 \$32,9 \$0 \$0 \$1,736 \$32,9 \$0 \$0 \$1,736 \$32,9 \$0 \$0 \$0 \$0 \$1,736 \$32,9 \$0 \$0 \$0 \$2,818 \$0 \$0 \$0 \$2,818 \$0 \$0 \$0 \$0
\$34,717 \$34,717 \$1,736 \$32,9 \$9,202 \$9,202 \$0 \$0 \$0 \$140 \$7 \$28 \$140 \$7 \$28 \$140 \$7 \$28 \$140 \$7 \$28 \$140 \$7 \$28 \$150,480 \$684,6
\$9,202
\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$
\$140 \$7 \$28 \$1 \$2,818 \$0 \$2,818 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$
\$2,818 \$0 \$2,818 \$0 \$0 \$624,252 \$835,120 \$40,616 \$150,480 \$684,6
\$0 \$0 \$624,252 \$835,120 \$40,616 \$150,480 \$684,6
\$624,252 \$835,120 \$40,616 \$150,480

		NACO WAT	WATER COMPANY, LLC	CC				
			DEPREC	DEPRECIATION SCHEDULE	AT 5%			
							PAGE 4 OF 7	
		END	ACCUM/DEP.	ADDITIONS	END	DEP.	ACCUM/DEP.	
ACCOUNT		PLANT	TO END	(RETIREMENTS)	PLANT	2%	TO END	O.C.L.D.
*		2000	2000	2001	2001	2001	2001	2001
#301	INTANGIBLES	\$198	N/A		\$198	N/A	N/A	\$198
#302	FRANCHISES	0\$	N/A		\$0	N/A	N/A	\$0
#303	LAND & LAND RIGHTS	\$10,580	N/A	(\$3,000)	\$7,580	N/A	N/A	\$7,580
#304	STRUCTURES & IMPROVEMENTS	\$1,693	\$319		\$1,693	\$85	\$404	\$1,289
#307	WELLS & SPRINGS	\$55,915	\$19,357		\$55,915	\$2,796	\$22,153	\$33,762
#311	PUMPING EQUIPMENT	\$118,876	\$39,176		\$118,876	\$5,944	\$45,120	\$73,756
#311	WATER TREATMENT EQUIPMENT	\$1,971	\$395		\$1,971	66\$	\$493	\$1,478
#330	DIST. RESERVOIR & STANDPIPE	\$134,514	\$17,795	\$865	\$135,379	\$6,769	\$24,564	\$110,815
#331	TRANS. & DISTRIBUTION MAINS	\$428,985	\$34,723	\$13,690	\$442,675	\$22,134	\$56,856	\$385,819
#333	SERVICES	\$12,854	\$9,344	\$17,346	\$30,200	\$1,510	\$10,854	\$19,346
#334	METERS	\$22,657	\$15,588	\$2,173	\$24,830	\$1,242	\$16,829	\$8,001
#335	HYDRANTS	\$34,717	\$1,736		\$34,717	\$1,736	\$3,472	\$31,245
#340	OFFICE FURNITURE/FIXTURES	\$9,202	\$9,202		\$9,202	\$0	\$9,202	(\$0)
#341	TRANSPORTATION EQUIPMENT	\$0	0\$		\$0	\$0	\$0	\$0
#343	TOOLS & WORK EQUIPMENT	\$140	\$28		\$140	\$7	\$35	\$105
#345	POWER OPERATED EQUIPMENT	\$2,818	\$2,818		\$2,818	\$0	\$2,818	\$0
#348	OTHER TANGIBLE PLANT	\$0	0\$		\$0	0	\$0	\$0
	TOTAL	\$835,120	\$150,480	\$31,074	\$866,195	\$42,320	\$192,800	\$673,395
* \$3000. S	Sale of Well Site #1							

		NACO WAT	NACO WATER COMPANY, LLC	, LLC				
			DEPRECI	DEPRECIATION SCHEDULE AT 5%	- AI 5%			
							PAGE 5 OF7	
		END	ACCUM/DEP.	ADDITIONS	END	DEP.	ACCUM/DEP.	
ACCOUNT		PLANT	TO END	(RETIREMENTS)	PLANT	2%	TO END	O.C.L.D.
#		2001	2001	2002	2002	2002	2002	2002
#301	INTANGIBLES	\$198	N/A		\$198	N/A	N/A	\$198
#302	FRANCHISES	0\$	N/A		\$0	N/A	N/A	\$0
#303	LAND & LAND RIGHTS	\$7,580	N/A		\$7,580	N/A	N/A	\$7,580
#304	STRUCTURES & IMPROVEMENTS	\$1,693	\$404		\$1,693	\$85	\$488	\$1,205
#307	WELLS & SPRINGS	\$55,915	\$22,153		\$55,915	\$2,796	\$24,949	\$30,966
#311	PUMPING EQUIPMENT	\$118,876	\$45,120		\$118,876	\$5,944	\$51,064	\$67,812
#311	WATER TREATMENT EQUIPMENT	\$1,971	\$493		\$1,971	66\$	\$592	\$1,379
#330	DIST. RESERVOIR & STANDPIPE	\$135,379	\$24,564		\$135,379	\$6,769	\$31,333	\$104,046
#331	TRANS. & DISTRIBUTION MAINS	\$442,675	\$56,856	(\$1,425)	\$441,250	\$22,062	\$78,919	\$362,331
#333	SERVICES	\$30,200	\$10,854	\$4,391	\$34,591	\$1,730	\$12,583	\$22,008
#334	METERS	\$24,830	\$16,829	\$1,402	\$26,233	\$1,312	\$18,141	\$8,092
#335	HYDRANTS	\$34,717	\$3,472		\$34,717	\$1,736	\$5,208	\$29,509
#340	OFFICE FURNITURE/FIXTURES	\$9,202	\$9,202		\$9,202	\$0	\$9,202	\$0
#341	TRANSPORTATION EQUIPMENT	\$0	\$0		\$0	\$0	\$0	\$0
#343	TOOLS & WORK EQUIPMENT	\$140	\$35		\$140	25	\$42	\$98
#345	POWER OPERATED EQUIPMENT	\$2,818	\$2,818		\$2,818	\$0	\$2,818	\$0
#348	OTHER TANGIBLE PLANT	\$0	\$0		\$0		\$0	\$0
	TOTAL	\$866,195	\$192,800	\$4,368	\$870,562	\$42,538	\$235,338	\$635,225
					·			

		NACO WATI	NACO WATER COMPANY, LLC	TC				
			DEPREC	DEPRECIATION SCHEDULE AT 5%	E AT 5%			
							PAGE 6 OF 7	
		END	ACCUM/DEP.	ADDITIONS	END	DEP.	ACCUM/DEP.	
ACCOUNT		PLANT	TO END	(RETIREMENTS)	PLANT	5%	TO END	O.C.L.D.
#		2002	2002	2003	2003	2003	2003	2003
#301	INTANGIBLES	\$198	N/A		\$198	N/A		\$198
#302	FRANCHISES	0\$	N/A		0\$	N/A		\$0
#303	LAND & LAND RIGHTS	\$7,580	N/A		\$7,580	N/A		\$7,580
#304	STRUCTURES & IMPROVEMENTS	\$1,693	\$488		\$1,693	\$85	\$573	\$1,120
#307	WELLS & SPRINGS	\$55,915	\$24,949		\$55,915	\$2,796	\$27,745	\$28,171
#311	PUMPING EQUIPMENT	\$118,876	\$51,064	\$6,142	\$125,018	\$6,251	\$57,315	\$67,703
#311	WATER TREATMENT EQUIPMENT	\$1,971	\$592		\$1,971	\$68	069\$	\$1,281
#330	DIST. RESERVOIR & STANDPIPE	\$135,379	\$31,333		\$135,379	\$6,769	\$38,102	\$97,277
#331	TRANS. & DISTRIBUTION MAINS	\$441,250	\$78,919	\$3,077	\$444,327	\$22,216	\$101,135	\$343,192
#333	SERVICES	\$34,591	\$12,583	\$917	\$35,507	\$1,775	\$14,358	\$21,149
#334	METERS	\$26,233	\$18,141	\$378	\$26,610	\$1,331	\$19,471	\$7,139
#332	HYDRANTS	\$34,717	\$5,208		\$34,717	\$1,736	\$6,943	\$27,774
#340	OFFICE FURNITURE/FIXTURES	\$9,202	\$9,202		\$9,202	\$0	\$9,202	\$0
#341	TRANSPORTATION EQUIPMENT	0\$	\$0		\$0	0\$	0\$	\$0
#343	TOOLS & WORK EQUIPMENT	\$140	\$42		\$140	2\$	67\$	\$91
#345	POWER OPERATED EQUIPMENT	\$2,818	\$2,818		\$2,818	0\$	\$2,818	\$0
#348	OTHER TANGIBLE PLANT	0\$	0\$		0\$	\$0	0\$	\$0
	TOTAL	\$870,562	\$235,338	\$10,514	\$881,076	\$43,064	\$278,402	\$602,674
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		NACO WAT	NACO WATER COMPANY, LLC	, LLC				
			DEPRECI	DEPRECIATION SCHEDULE	E AT 5%			
							PAGE 7 OF7	
		GND	ACCIIMINED	SNOILIGUS	CNI	DEP	ACCIIM/DEP	
ACCOUNT		PLANT	TO END	(RETIREMENTS)	PLANT	5%	TO END	O.C.L.D.
#		2003	2003	2004	2004	2004	2004	2004
		,						
#301	INTANGIBLES	\$198	A/A		\$198	N/A		\$198
#305	FRANCHISES	0\$	A/A		0\$	A/A		\$0
#303	LAND & LAND RIGHTS	\$7,580	A/A		\$7,580	N/A		\$7,580
#304	STRUCTURES & IMPROVEMENTS	\$1,693	\$573	066\$	\$2,683	\$134	\$707	\$1,976
#307	WELLS & SPRINGS	\$55,915	\$27,745	\$16,113	\$72,028	\$3,601	\$31,346	\$40,682
#311	PUMPING EQUIPMENT	\$125,018	\$57,315		\$125,018	\$6,251	\$63,566	\$61,453
#311	WATER TREATMENT EQUIPMENT	\$1,971	069\$		\$1,971	66\$	\$289	\$1,182
#330	DIST. RESERVOIR & STANDPIPE	\$135,379	\$38,102	292\$	\$136,146	\$6,807	\$44,909	\$91,237
#331	TRANS. & DISTRIBUTION MAINS	\$444,327	\$101,135	\$51,801	\$496,128	\$24,806	\$125,942	\$370,186
#333	SERVICES	\$35,507	\$14,358	\$1,622	\$37,129	\$1,856	\$16,215	\$20,914
#334	METERS	\$26,610	\$19,471	\$513	\$27,124	\$1,356	\$20,827	\$6,296
#335	HYDRANTS	\$34,717	\$6,943		\$34,717	\$1,736	\$8,679	\$26,038
#340	OFFICE FURNITURE/FIXTURES	\$9,202	\$9,202		\$9,202	0\$	\$9,202	\$0
#341	TRANSPORTATION EQUIPMENT	\$0	0\$		\$0	\$0	\$0	\$0
#343	TOOLS & WORK EQUIPMENT	\$140	\$49		\$140	2\$	\$56	\$84
#345	POWER OPERATED EQUIPMENT	\$2,818	\$2,818		\$2,818	\$0	\$2,818	\$0
#348	OTHER TANGIBLE PLANT	0\$	0\$		0\$	\$0	0\$	\$0
:	TOTAL	\$881,076	\$278,402	\$71,806	\$952,882	\$46,654	\$325,056	\$627,827

COMPANY: NACO WATER COMPANY TEST YEAR ENDING: 12/31/04 METER SIZE: 5/8"

USING ZERO GALLON MINIMUM AT \$16.43 & EXCESS AT \$2.83 TO 10K, \$4.18 OVER 10K JANUARY THRU DECEMBER 31, 2004 PRESENT RATE SCHEDULE

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							GXB	Mid			X X B		,
			BXC	Mid			Equals Total	Range	,		Equals Total		
			Equals	Range	Excess	EXF	Excess	Decimal	Excess	ر×.	Excess		D+H+L+P
	# of	Min/Chg	Total Min.	Decimal	Charge	Excess	under 4K	10K &	Charge	Excess	Charge 10K		 Equals Total
	Bills	\$16.43	Chg	10K	_	Charge	Gals	dn	Rates	Charge	& Up		Present Rates
0	149	\$16.43	\$2,448.07	0.0		\$0.00	\$0.00						\$2,448.07
1-1000	423	\$16.43	\$6,949.89	0.5	\$2.83	\$1.42	\$598.55						\$7,548.44
1000-2000	292	\$16.43	\$4,797.56	1.5	\$2.83	\$4.25	\$1,239.54						\$6,037.10
2001-3000	290	\$16.43	\$4,764.70	2.5	\$2.83	\$7.08	\$2,051.75						\$6,816.45
3001-4000	284	\$16.43	\$4,666.12	3.5	\$2.83	\$9.91	\$2,813.02						\$7,479.14
4001-5000	307	\$16.43	\$5,044.01	4.5	\$2.83	\$12.74	\$3,909.65						\$8,953.66
5001-6000	304	\$16.43	\$4,994.72	5.5	\$2.83	\$15.57	\$4,731.76						\$9,726.48
6001-7000	273	\$16.43	\$4,485.39	6.5	\$2.83	\$18.40	\$5,021.84						\$9,507.23
7001-8000	251	\$16.43	\$4,123.93	7.5	\$2.83	\$21.23	\$5,327.48						\$9,451.41
8001-9000	208	\$16.43	\$3,417.44	8.5	\$2.83	\$24.06	\$5,003.44						\$8,420.88
9001-10,000	169	\$16.43	\$2,776.67	9.5	\$2.83	\$26.89	\$4,543.57				-		\$7,320.24
10,001-12,000	219	\$16.43	\$3,598.17	10.0	\$2.83	\$28.30	\$6,197.70	ļ	4.18	4.18	\$915.42		 \$10,711.29
12,001-14,000	175	\$16.43	\$2,875.25	10.0	\$2.83	\$28.30	\$4,952.50	3	4.18	12.54			\$10,022.25
14,001-16,000	87	\$16.43	\$1,429.41	10.0	\$2.83	\$28.30	\$2,462.10	2	4.18	20.9			\$5,709.81
16,001-18,000	9	\$16.43	\$1,067.95	10.0	\$2.83	\$28.30	\$1,839.50	7		29.26			\$4,809.35
18,001-20,000	36	\$16.43	\$591.48	10.0	\$2.83	\$28.30	\$1,018.80	6		37.62			\$2,964.60
20,001-25,000	53	\$16.43	\$870.79	10.0	\$2.83	\$28.30	\$1,499.90	12.5		52.25			 \$5,139.94
25,001-30,000	25	\$16.43	\$410.75	10.0	\$2.83	\$28.30	\$707.50	17.5		73.15			\$2,947.00
30,001-35,000	21	\$16.43	\$345.03	10.0	\$2.83	\$28.30	\$594.30	22.5		94.05			\$2,914.38
35,001-40,000	11	\$16.43	\$180.73	10.0	\$2.83	\$28.30	\$311.30	27.5		114.95			\$1,756.48
40,001-50,000	10	\$16.43	\$164.30	10.0	\$2.83	\$28.30	\$283.00	35		146.3	€	-	\$1,910.30
50,001-60,000	3	\$16.43	\$49.29	10.0	\$2.83	\$28.30	\$84.90	45		188.1			\$698.49
60,001-70,000	3	\$16.43	\$49.29	10.0	\$2.83	\$28.30	\$84.90	55		229.9			\$823.89
70,001-80,000		\$16.43	\$0.00	10.0	\$2.83	\$28.30	\$0.00	65		271.7			\$0.00
80,001-90,000		\$16.43	\$0.00	10.0	\$2.83	\$28.30	\$0.00	22		313.5	\$0.00		\$0.00
90,001-100,000	-	\$16.43	\$16.43	10.0	\$2.83	\$28.30	\$28.30	85		355.3			\$400.03
119990	-	\$16.43	\$16.43	10.0	\$2.83	\$28.30	\$28.30	109.99	4.18	459.758	\$459.76		\$504.49
		\$16.43											\$135,021.37
SUB-TOTAL	3660		\$60,133.80				\$55,333.58				\$19,554.00		\$135,021.37
MY DOCUMENTS C: PRESENT RATES 5-8 IN Nac	VT RATES 5	-8 IN Nac											

COMPANY: NACO WATER COMPANY TEST YEAR ENDING: 12/31/04 METER SIZE: 1"

PRESENT RATE SCHEDULE USING ZERO GALLON MINIMUM AT \$31.48 & EXCESS AT \$2.83 TO 10K, \$4.18 OVER 10K

JANUARY THRU DECEMBER 31, 2004

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				•			GXB	Ρ			. X X . . X X .			
			BXC	Mid			Equals Total	Range			Equals Total	-		D+H+L+F
			Equals	Range	Excess	EXF	Excess	Decimal	Excess	×	Excess			Equals Total
	# of	Min/Cha	Total Min.	Decimal	Charge	Excess	under 4K	10K &	Charge	Excess	Charge 10K			Present
	Bills	\$31.48	Cha	5	Rates	Charge	Gals	dn	Rates	Charge	& Up			Rates
C	0	\$31.48	\$0.00	0.0	\$2.83	\$0.00	\$0.00							\$0.00
1-1000	0	\$31.48	\$0.00	0.5	\$2.83	\$1.42	\$0.00							\$0.00
1000-2000	1	\$31.48	\$31.48	1.5	\$2.83	\$4.25	\$4.25							\$35.73
2001-3000	2	\$31.48	\$62.96	2.5	\$2.83	\$7.08	\$14.15							\$77.11
3001-4000	2	\$31.48	\$62.96	3.5	\$2.83	\$9.91	\$19.81							\$82.77
4001-5000	2	\$31.48	\$62.96	4.5	\$2.83	\$12.74	\$25.47							\$88.43
5001-6000	5	\$31.48	\$157.40	5.5	\$2.83	\$15.57	\$77.83						1	\$235.23
6001-7000	4	\$31.48		6.5	\$2.83	\$18.40	\$73.58							\$199.50
7001-8000	7	\$31.48		7.5	\$2.83	\$21.23	\$148.58							\$368.94
8001-9000	2	\$31.48	L	8.5	\$2.83	\$24.06	\$48.11							\$111.07
9001-10.000	0	\$31.48	\$0.00	9.5	\$2.83	\$26.89	\$0.00							\$0.00
10 001-12 000	4		Ĺ	10.0	\$2.83	\$28.30	\$113.20	1	4.18	4.18	\$16.72			\$255.84
12 001-14 000	2		L	10.0	\$2.83	\$28.30	\$56.60	3	4.18	12.54				\$144.64
14 001-16 000	2	L	\$62.96	10.0	\$2.83	\$28.30	\$56.60	2	4.18	20.9	0,			\$161.36
16,001-18,000			\$0.00	10.0	\$2.83	\$28.30	\$0.00	7		29.26	\$0.00			\$0.00
18 001-20 000			\$0.00	10.0	\$2.83	\$28.30	\$0.00	6		37.62				\$0.00
20 001-25 000	9	\$31.48	\$188.88	10.0	\$2.83	\$28.30	\$169.80		4.18	52.25				\$672.18
25 001-30 000	2		L	10.0	\$2.83	\$28.30	\$56.60			73.15				\$265.86
30,001-35,000	16.	\$31.48		10.0	\$2.83	\$28.30	\$84.90	22.5	4.18	94.05				\$461.49
35 001 40 000	2	l	L	10.0	\$2.83	\$28.30	\$56.60		4.18	114.95				\$349.46
40 001-50 000	2		5	10.0	\$2.83	\$28.30	\$141.50			146.3	\$731.50			\$1,030.40
50 001-60 000	5	L		10.0	\$2.83	\$28.30	\$141.50	45		188.1				\$1,239.40
60,001-70,000	2	\$31.48	L	10.0	\$2.83	\$28.30	\$26.60	55		229.9				\$579.36
70,001-80,000	2	L	L	10.0	\$2.83	\$28.30	\$56.60	65			8			\$662.96
80 001-90 000		L	\$0.00	10.0	_	\$28.30	\$0.00	75			\$0.00			\$0.00
90,001-100,000		\$31		10.0	\$2.83	\$28.30	\$0.00	85	4.18	355.3			1	\$0.00
														\$7,021.72
	L													700
SUB-TOTAL	9		\$1,888.80				\$1,402.27				\$3,730.65		1	\$7,021.72
MY DOCUMENTS C: PRESENT RATES 5-8 IN Nac	NT RATES	5-8 IN Nac												

COMPANY: NACO WATER COMPANY TEST YEAR ENDING: 12/31/04 METER SIZE: 1-1/2"

PRESENT RATE SCHEDULE USING ZERO GALLON MINIMUM AT \$41.43 & EXCESS AT \$2.83 TO 10K, \$4.18 OVER 10K

						JANNA	JANUARY THRU DECEMBER 31, 2004	EMBER	31, 2004				
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							GXB	Mid			KXB		
			BXC	Mid			Equals Total	Range			Equals Total		D+H+L+P
			Equals	Range	Excess	EXF	Excess	Decimal	Excess	- X	Excess		Equals Total
	# of	Min/Chg	Total Min.	Decimal	Charge	Excess	under 4K	10K &	Charge	Excess	Charge 10K		Present
	Bills	\$41.43	Chg	10K	Rates	Charge	Gals	dn		Charge	& Up		Rates
0	12	\$41.43	\$497.16	0.0	\$2.83	\$0.00	\$0.00						\$497.16
1-1000	24	\$41.43	\$994.32	0.5	\$2.83	\$1.42	\$33.96						\$1,028.28
1000-2000	1	\$41.43	\$41.43	1.5	\$2.83	\$4.25	\$4.25						\$45.68
2001-3000	1	\$41.43	\$41.43	2.5	\$2.83	\$7.08	\$7.08						\$48.51
3001-4000	3	\$41.43	\$124.29	3.5	\$2.83	\$9.91	\$29.72						\$154.01
4001-5000	1	\$41.43	\$41.43	4.5	\$2.83	\$12.74	\$12.74						\$54.17
5001-6000	2	\$41.43	\$82.86	5.5	\$2.83	\$15.57	\$31.13						\$113.99
6001-7000	4	\$41.43	\$165.72	6.5	\$2.83	\$18.40	\$73.58						\$239.30
7001-8000	5	\$41.43	\$207.15	7.5	\$2.83	\$21.23	\$106.13						\$313.28
8001-9000	7	\$41.43	\$290.01	8.5	\$2.83	\$24.06	\$168.39						\$458.40
9001-10,000	4	\$41.43	\$165.72	9.5	\$2.83	\$26.89	\$107.54						\$273.26
10,001-12,000	1	\$41.43	\$41.43	10.0	\$2.83	\$28.30	\$28.30	1	4.18	4.18	\$4.18		\$73.91
12,001-14,000	2	\$41.43	\$82.86	10.0	\$2.83	\$28.30	\$56.60	3	4.18	12.54	\$25.08		\$164.54
14,001-16,000	0	\$41.43	\$0.00	10.0	\$2.83	\$28.30	\$0.00	5	4.18	20.9			\$0.00
16,001-18,000	0	\$41.43	\$0.00	10.0	\$2.83	\$28.30	\$0.00	7	4.18	29.26			\$0.00
18,001-20,000	-	\$41.43	\$41.43	10.0	\$2.83	\$28.30	\$28.30	6	4.18	37.62			\$107.35
20,001-25,000	3	\$41.43	\$124.29	10.0	\$2.83	\$28.30	\$84.90	12.5	4.18	52.25	\$156.75		\$365.94
25,001-30,000	0	\$41.43	\$0.00	10.0	\$2.83	\$28.30	\$0.00	17.5	4.18	73.15			\$0.00
30,001-35,000	0	\$41.43	\$0.00	10.0	\$2.83	\$28.30	\$0.00	22.5	4.18	94.05			\$0.00
35,001-40,000	0	\$41.43	\$0.00	10.0	\$2.83	\$28.30	\$0.00	27.5	4.18	114.95			\$0.00
40,001-50,000	_	\$41.43	\$41.43	10.0	\$2.83	\$28.30	\$28.30	35	4.18	146.3	\$146.30		\$216.03
50,001-60,000	0	\$41.43	\$0.00	10.0	\$2.83	\$28.30	\$0.00	45	4.18	188.1			\$0.00
60,001-70,000	0	\$41.43	\$0.00	10.0	\$2.83	\$28.30	\$0.00	55	4.18	229.9			\$0.00
70,001-80,000	0	\$41.43	\$0.00	10.0	\$2.83	\$28.30	\$0.00	65	4.18	271.7			\$0.00
80,001-90,000	0	\$41.43	\$0.00	10.0	\$2.83	\$28.30	\$0.00	75	4.18	313.5	\$0.00	-	\$0.00
90,001-100,000	0	\$41.43	\$0.00	10.0	\$2.83	\$28.30	\$0.00	85	4.18	355.3	\$0.00		\$0.00
													\$4,153.78
- V + O + O	i		00 000	1			0000					+	
SUB-IOIAL	7./		\$2,982.96	1			\$800.89				\$369.93	1	\$4,153.78
				1									
MY DOCUMENTS C: PRESENT RATES 5-8 IN Nac	IT RATES	5-8 IN Nac									Manufacture and the second sec		

COMPANY: NACO WATER COMPANY TEST YEAR ENDING: 12/31/04 METER SIZE: 2"

USING ZERO GALLON MINIMUM AT \$48.43 & EXCESS AT \$2.83 TO 10K, \$4.18 OVER 10K PRESENT RATE SCHEDULE

) }			JANUAF	ANUARY THRU DECEMBER 31, 2004	:EMBER	31, 2004					(
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∢	٩	>	2	1			GXB	Mid			KXB	,		
			X	ΡįΜ			Equals Total	Range			Equals Total			D+H+L+P
			Equals	Range	Excess	EXF	Excess	=	Excess	¬ ×	Excess			Equals lotal
	# of	Min/Cha	Total Min.	Decimal	Charge	Excess	under 4K	10K &	Charge	Excess	Charge 10K			Present
	Bills		Cha	¥5	Rates	Charge	Gals	dn	Rates	Charge	& Up			Cales COAO 1E
0	5	1_	\$242.15	0.0	\$2.83	\$0.00	\$0.00							\$247.13 \$0.00
4000	0		\$0.00	0.5	\$2.83	\$1.42	\$0.00							00.00
1-1000		L	00 0\$	15	\$2.83	\$4.25	\$0.00							\$0.00
2004 2000		⊥	\$193.72	2.5	L	\$7.08	\$28.30						1	\$222.02
2001-2000	1		\$48.43	3.5	L	\$9.91	\$9.91							\$58.34
3001-4000			\$193.72	4.5	\$2.83	\$12.74	\$50.94							\$244.66
4001-3000	10	L	\$96.86	5.5	L	\$15.57								\$127.99
2001-0000	16	L.	\$145 29	6.5	L	\$18.40								\$200.48
2001-7000	,	\$48.43	\$96.86		ı	\$21.23								4139.31
0000	10	L	\$0.00		l	\$24.06								90.00
0001-9000	7		\$48.43	9.5	İ	\$26.89								\$10.32
3001-10,000		1	¢330 01	100		\$28.30	\$198.10	_	4.18	4.18	63)			\$200.37
10,001-12,000	1	\perp	0.00			\$28.30		3	4.18	12.54				\$0.00
12,001-14,000	7	4	4103 73	\downarrow		\$28.30	ès	5	4.18	20.9	67			\$390.52
14,001-16,000	4 0		1	1		\$28.30		7		29.26	\$0.00			\$0.00
16,001-18,000			00.00	200	L	428 30			L					\$228.70
18,001-20,000	7		\$30.00	1	j_	\$28.30	\$0.00	12.						\$0.00
20,001-25,000	1		96	1	Ĺ	\$28.30	١	L						\$0.00
25,001-30,000) (\perp	ľ	1	\$2.83 \$3.83	\$28.30		L		L				\$341.56
30,001-35,000	1	440.43	ľ	1	L	\$28.30	6	L		L				\$1,150.08
35,001-40,000	"		_	70.0	L	\$28.30		35	İ		١			\$223.03
40,001-50,000		\perp	440.43	200		\$28.30	6	L		_	÷			\$1,588.98
50,001-60,000	1	\perp	1	1	\perp	\$28.30		L	l					\$613.26
50,001-70,000	1	40.43		\perp		\$28.30		L						\$696.86
70,001-80,000	1	1	\perp	\downarrow	\$2 83	\$28.30			4.18		\$0.00			\$0.00
90,001-90,000	1	4 4 4 5 4 5 4 5 4 5 4 5 4 5 4 5 4 5 4 5	ľ	L	L	\$28.30	97							\$432.03
90,001-100,000	<u> </u>	448 43	\perp	L	L	\$28.30		93.9	4.18					\$409.23
103,900	<u> </u>	440.13		L	\$2.83	\$28.30		105.4	4.18	4				\$517.30
113,400	+	440.43			_			L	5 4.18					\$288.78
132,500	1	440.43	64843	╧	\$2.83		L	L	4.18	689.282				\$766.01
1/4,900	\downarrow	440.43	1	1	L			Ļ			98.666\$			\$1,076.59
249,200	4	1 \$48.43	940.43	1		_		Ļ		_				
	\downarrow													\$10,959.56
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300-101AL	<u>}</u>													
		2011 141 6 2 6 7	-	<u> </u>										
MY DOCUMENTS C: PRESENT RATES 5-8 IN Nac	ENIKAL	S 5-5 IN Nac												

COMPANY: NACO WATER COMPANY TEST YEAR ENDING: 12/31/04 SURCHARGE

PRESENT RATE SCHEDULE USING \$1.16 PER BILL JANUARY THRU DECEMBER 31, 2004

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Excess E	A	n	,	٦	1		T	GXB	Mid			KXB	 ,, ,,		
Equals Range Excess Ex				n N	Mid			Equals Total	Range			Equals Total			D+H+L+P
VChg Total Min. Decimal Charge Excess Life Charge Excess Charge C				Series	Rande	Excess	-	Excess	Decimal	Excess	ر×-	Excess			equals lotal
1.16			240) H	Total Min	Decimo		Fxcess	under 4K			Excess	Charge 10K	.,,.		Present
\$1.16 \$44.46832		11:C 3 + #		Cha Mill.	10K		Charge	Gals	_		Charge	& Up	_	1	Rates
54.488.32 SA.000 S.000 S		# of Bills	"	20 20		1	\$0.00	\$0.00		⊢				1	\$4,468.32
84.486.32 \$60.00 \$50.00	-	7085		34,400.32	2	+	20:00								\$0.00
84.488.32 \$50.00 \$50.00															\$0.00
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	14707	206	6	\$4 468 32				\$0.00				\$0.00		+	\$4,468.32
	-IOIAL	202	70	700.00									+	\dagger	
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Total Income All Pages:

\$161,625

PRESENT RATE SCHEDULE SURCHARGE #2 PER BILL

SUNCHANGE #2 FEN BILL AUGUST 1 THRU AUGUST 31, 2005 (Actual Pro-Rated Charge)

A	В	C	٥			-		(26 lb)		ŀ	
			Equals Total Min								
	# of Bills	Min/Chg *	Cha							 	Total
5/8" X 3/4"	299	\$4.60	\$1,375.40							€,	\$1,375.40
											\$0.00
3/4"	0	\$9.75	\$0.00								\$0.00
											\$0.00
1"	2	\$11.49	\$57.45								\$57.45
											\$0.00
1 1/2"	9	\$22.75	\$136.50								\$136.50
											\$0.00
2"	2	\$36.40	\$182.00								\$182.00
											\$0.00
3"	0	\$97.50	\$0.00								\$0.00
											\$0.00
4"	0	\$162.50	\$0.00								\$0.00
											\$0.00
9	0	\$325.00	\$0.00								\$0.00
											\$0.00
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SUB-101AL	315		\$1,751.35				\$0.00 \$		\$0.00	7	\$1,751.35
MY DOCUMENTS C: PRESENT RATES 5-8 IN Nac	NT RATES 5-8 IN	Nac						<u> </u>			
		200			- and and a section						

^{*} Rates began on August 1st and the reading date was August 21, therefore the first month was pro-rated.

COMPANY: NACO WATER COMPANY TEST YEAR ENDING: 12/31/04 SURCHARGE #2

PRESENT RATE SCHEDULE SURCHARGE #2 PER BILL SEPTEMBER THRU DECEMBER 31, 2005 (Estimate) @ 318 BILLS PER MONTH

## B C D D Comparison Comp				SEPTEMBEK IN	- HRO	DECEME	IKU DECEMBER 31, 20	ZUUD (ESTIMATE) (316 BILLS PER MUNIA	oic @) (a)	פוררט	FR WCr		
# or Bills Minicha Chall Minic	A	<u></u>	ပ	۵									
34* # of Bills Min/Chb Toba Chb Chb Chb Chb Chb Chb Chb Chb Chb Chb	-			B X C Equals									
34* 1206 \$6.56 \$7.56.200 80.00 20 \$6.125 \$325.00 81.040.00 80.00 20 \$52.50 \$1.040.00 80.00 80.00 0 \$325.00 \$0.00 80.00 80.00 0 \$325.00 \$0.00 80.00 80.00 0 \$325.00 \$0.00 80.00 80.00 0 \$325.00 \$0.00 80.00 80.00 0 \$235.00 \$235.00 80.00 80.00		# of Bills	Min/Cha	Total Min. Chg					_				Total
24 \$32.50 \$16.26 \$32.500 29 \$16.26 \$32.500 20 \$16.26 \$32.500 20 \$16.26 \$32.500 20 \$16.26 \$32.500 20 \$16.26 \$32.500 20 \$16.26 \$1.040.00 20 \$16.26 \$1.040.00 20 \$16.26 \$1.040.00 20 \$16.26 \$1.040.00 20 \$16.26 \$1.040.00 20 \$16.26 \$1.040.00 20 \$16.26 \$1.040.00 20 \$10.20 \$1.040.00 20		1208	\$6.50	\$7,852.00									\$7,852.00
20 \$16.26 \$325.00 20 \$16.26 \$325.00 20 \$52.00 \$1,040.00 20 \$162.50 \$0.00 0 \$16													\$0.00
20 \$16.25 \$32500 \$104000 \$25200 \$104000 \$25200 \$104000 \$25200 \$104000 \$25200 \$104000 \$252500 \$104000 \$252500 \$2000 \$252500 \$2000 \$252500 \$2000 \$252500 \$2000 \$252500 \$2500 \$2000 \$252500 \$25000 \$252500 \$25000 \$252500 \$25000 \$252500 \$25000 \$252500 \$25000 \$252500	3/4"	0		\$0.00									\$0.00 \$0.00
24 \$32.50 \$1.040.00		20		\$325.00									\$325.00
24 \$32.50 \$780.00													\$0.00
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18-TOTAL 1272 \$9.997.00 \$0.00	4		- 1	\$0.00	\dagger		1						90.00
DB-TOTAL 1272 \$9:997.00 \$0.00	,,0			00 00									90.00
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\$0.00 \$0.00													\$9.997.00
\$0.00 \$0.00													
	SUB-TOTAL	1272		\$9,997.00				\$0.00				\$0.00	\$9,997.00
					\dagger								

AFFIDAVIT

I, Bonnie L. O'Connor Member of Naco Water Company, LLC. hereby certify that the
customers notification attached to this affidavit will be provided to all
customers of Naco Water Company, LLC by U.S. Mail on the/2 Day of
<u>October</u> , 2005.
Bonnie L. O'Connor For Salim S. Dominguez, Jr.
County of Pima) SS State of Arizona) SS We have a series of Arizona Pima County My Commission Expires May 14, 2008
Signed before me this 14 Day of Octobox, 2005
Notary Public
My Commission Expires: May 14, 2000

PUBLIC NOTICE

OF

AN APPLICATION FOR AN ORDER AUTHORIZING THE ISSUANCE OF DEBT BY NACO WATER COMPANY, LLC

Naco Water Company, LLC. filed an Application with the Arizona Corporation Commission (Commission) for an order authorizing Applicant to issue \$700,000.00 + of debt. The application is available for inspection during regular business hours at the office of the Commission at 400 West Congress, Suite 218, Tucson, Arizona 85701 and the Company's offices at 2102 N. Forbes Blvd., Suite 107, Tucson, Arizona 85745.

Intervention in the Commission's proceedings on the application shall be permitted to any person entitled by law to intervene and having a direct substantial interest in this matter. Persons desiring to intervene must file Motion to Intervene with the Commission which must be served upon the applicant and which, at a minimum, shall contain the following information:

- 1. The name, address and telephone number of the proposed intervener and of any person upon whom service of documents is to be made if different from the intervener.
- 2. A short statement of the proposed intervener's interest in the proceeding.
- 3. Whether the proposed intervener desires a formal evidentiary hearing on the application and the reasons for such a hearing.
- 4. A statement certifying that a copy of the Motion to Intervene has been mailed to Applicant.

The granting of Motions to Intervene shall be governed by A.A.C. R14-3-105, except that all motions to Intervene must be filed on, or before, the 15th day after this notice.